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Accomplishments in the Improvement of Analysis and Estimating

One of the President's major national security objectives has been to rebuild and strengthen the nation's intelligence capabilities. An important component of that program has been the improvement of the quality of intelligence analysis. There has been substantial progress toward achievement of this goal. The effort to improve CIA analysis has focused on three broad areas: change in organization, change in the process of analysis and research, and change in the preparation of national estimates.

Organizational Change

Less than ten months after the Administration came into office, the most far reaching reorganization of CIA's analytical element was undertaken. For the first time in the Agency's history, the analytical effort was organized essentially along regional lines, with area specialists, economists and military analysts making common effort on a given problem.

The reorganization provided for the first time that analysis would be integrated at the outset -- that the political, military and economic facets of a problem would be examined comprehensively. The result has been the production of a number

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## SECRET

of significant papers that could not have been produced before the reorganization on subjects such as technology transfer, the military implications of Soviet economic problems, the political aspects of West European economic relations with the Soviet Union, the national security implications of foreign industrial competition, Soviet activities in the Third World, political instability, Third World economic problems and their political implications, Japan's economic and industrial policies, and so forth.

The reorganization of the analytic component also served to expose weaknesses in resources, particularly on the Third World, that had been hidden by the functional organization. The change in structure also contributed substantially to improving the timeliness and relevance of intelligence analysis in that it created a single point of contact in the analytical element of CIA for senior policymakers and enabled the development of much closer relationships between senior analytical managers and their counterparts in the Departments of State and Defense and at the National Security Council Staff. Senior CIA analytical managers now meet with their Assistant Secretary counterparts in State, Defense, NSC, Treasury and Commerce every two weeks to discuss new requirements and issues needing CIA analytical attention.

Other organizational changes that have contributed significantly to improving the intelligence product have included:

-- The creation of new analytical centers for high priority

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issues, including technology transfer; terrorism, insurgency and political instability; and foreign counterintelligence analysis. Creation of these centers has made possible the preparation of assessments such as the Political Instability Quarterly, which every three months examines some 30 countries against more than 100 indicators of possible trouble; studies of Syrian and Iraqi supported terrorism; the monthly Terrorism Review; case studies of insurgent successes and failures; examination of insurgent progress in El Salvador, Guatemala and the Philippines; papers on the role of  in technology transfer to the Soviet Union; a number of studies of technology transfer to the USSR and China; an entirely new series of assessments on Soviet camouflage, concealment and deception; and, finally, an exhaustive study of Soviet acquisition and exploitation of information on US technical collection systems.

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- CIA's Arms Control Intelligence Staff has been revived and strengthened. It had slipped into a reactive mode that was slow to respond to requests and unimaginative in helping policymakers deal with new arms control issues, both on Soviet negotiating behavior and on monitoring issues. New leadership of the staff from within CIA as well as expanded resources have turned this situation around and given the staff a key role in

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helping to articulate intelligence implications of US and Soviet proposals as well as providing additional support on compliance and negotiating behavior issues.

-- Finally, a substantial effort has been devoted to strengthening the analytical resources of CIA. The budget of the Directorate of Intelligence is 40% larger in FY-84 than it was just in FY-82. Personnel strength has risen

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It is meeting new challenges and will continue to do so through more effective use of existing resources, its entry into the computer age, and greater use of carefully monitored contract expertise in the private sector. Such expertise has contributed substantially, for example, to our work on subjects as diverse as Soviet ICBMs, the Egyptian economy and foreign oil resources.

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The new personnel resources in particular are being used to rebuild CIA's analytic capability on the Third World and on the Soviet defense industries.

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The Agency's capability to track the use of Western technology in Soviet defense industries, the impact of Western sanctions on the

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Soviet economy, and the linkages between East and West European trade with the Soviet Union had substantially disappeared. We are rebuilding these capabilities.

Similarly, as long ago as the early 1970s, resource shortfalls in the analytic area brought about the dismantling of a substantial portion of CIA's analytic effort on the Third World. Substantial new resources have been directed to this problem, permitting us to carry out long range studies on key countries

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[REDACTED] We now have the resources to begin

reestablishing in-depth information on many Third World countries, but in other -- such as in Central America -- new resources have simply permitted us to stay on top of vastly expanded current analytical needs.

#### Changes in the Analytic and Research Process

Past experience in CIA demonstrated vividly that organizational change unaccompanied by changes in the way the analysts actually go about their business would have little impact and would in fact result in business as usual under another name or organization. As a result, the second broad effort to improve analysis was a series of changes in the process. These changes include:

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## SECRET

-- Completely restructuring the research effort of the analytical directorate, involving the development for the first time of a comprehensive annual research plan identifying in consultation with policymakers key issues and problems to be addressed during the coming year; specifying the subjects to be addressed to tackle such issues; identifying and setting aside the resources to carry out the research; and integrating research carried out inside the Agency with that being funded externally. This also involved for the first time a comprehensive examination of research being carried out on key national security issues in universities and thinktanks as well as in other agencies of the government in order to draw on that research and avoid duplication. A copy of the 1983 research program is attached; the program for 1984 is being published this month.

-- A massive effort to put CIA analysts in touch with experts in the private sector, universities, thinktanks and wherever else they may be found. In many of the areas CIA is now being asked by policymakers to examine analytically, great expertise exists outside the Intelligence Community. A broad program has been established to consult with outside experts, to have appropriately cleared experts critique draft CIA analytical papers and to bring them to Washington to

## SECRET

participate in CIA sponsored conferences on substantive issues. Some 70 such conferences have been held in the past two years on subjects such as Afghanistan, Mexico and the Philippines.

- Expanded training and education for analysts. A requirement was established for the first time that all analysts who had completed their three-year probationary period must participate in outside sponsored conferences or seminars or take refresher courses in advanced university programs in order either to refresh already existing skills or to expand their knowledge into new areas. Approximately 75% of all analysts in the Directorate have completed this requirement within the last two years.
  
- Keeping better track of analyst's performance, including accuracy. Again for the first time in Agency's history, files of each analyst's work were established to enable managers to determine over time whether an analyst is improving, overall accuracy, analyst skill in identifying key issues and problems in advance, and an analyst ability to prepare well sourced, logical, and insightful assessments. These files are now being used in analysts' evaluation and promotions.

## SECRET

- Intensification of the review process. Management in the analytic directorate had lost sight of the fact that the quality of the intelligence product was their most important concern. Now, each of the four levels of supervision reviews the substantive work of all analysts under their purview. It is time consuming but has played a substantial role in weeding out mediocre or poor assessments. It also has conveyed the message to the entire organization that the substantive product is the principal task for everyone in the organization.
  
- Improved understanding of the US policy process. CIA in the past has had the capability to understand and describe accurately how foreign policy is made in every country of the world except the United States. Because the US policymaker is the principal focus of our entire effort, rising senior managers in the Directorate of Intelligence are now required to spend a one year rotational assignment in a policy agency learning both how the policy process works and also how intelligence is used in that process. Some three dozen officers have now participated in the program.
  
- Moving CIA analysts into the computer age. Three years ago only technical analysts in the military and weapons area and a few in the economic area had ready access to computer terminals. The program to place a computer



## SECRET

terminal at each analyst's elbow was foundering hopelessly. Today, more than 400 terminals have been installed for analysts; that number will grow to well over 500 in FY-85 and will continue to grow until all analysts have the needed capability. It is only through the use of these machines that the analysts can avoid being overwhelmed by the massive amounts of data that new technical collection systems and expanded human collection are providing and will provide in the future. It is also the only way that the same number of analysts as there were in CIA in 1960 can cope with the far broader intelligence challenges of the 1990s.

- Expanded use of both internal and external evaluations of the quality of analysis. Again, for the first time, an internal evaluation staff was created not to look at specific intelligence publications but rather to examine broad categories of analysis to determine whether the needs of the policymaker had been met and the quality and objectivity of the work. Such evaluations have now been carried out on CIA's analysis of Central America, the Falklands War, the Soviet Gas Pipeline, and Third World Military Conflicts. These have identified both substantive and bureaucratic shortcomings to be remedied as well as identifying positive aspects of performance that should be emulated.

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By the same token, CIA commissioned a Panel of some of the most distinguished experts on Soviet military economics in the country to examine over a six month period all of CIA's work on Soviet defense spending. While the Panel endorsed the quality of CIA's work, it also made a number of recommendations for further improvement of that work which are being implemented. Finally, CIA devoted enormous effort to positive cooperation with the PFIAB-originated, Department of Commerce-implemented review of CIA's work on the Soviet economy. Again, this evaluation strongly endorsed CIA's effort but made a number of recommendations for improvement.

All in all, the Agency has opened itself to critical examination by outside Panels, including the PFIAB, in an unprecedented way in the past three years. It has worked positively with these groups, has generally received good marks, but at the same time has received many useful suggestions for further improvement to its work. I believe this kind of voluntary openness to constructive criticism and to self criticism in a serious way is virtually unique in Washington.

- Experimentation with new approaches to analysis, such as the recent formation of a special small task force  25X1  
 that brings together experts in several 25X1  
disciplines and a retired former Chief of Station in

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[redacted] to take a fresh look at a country about which many in and out of government are deeply concerned. The task force will last just four months but will travel and consult widely [redacted] before submitting its report. If the approach is successful, it will be used on other problems to ensure that CIA's analysis does not get bogged down in conventional wisdom.

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-- Strengthening ties between analysts and collectors.

This effort has included, for example, expanded analyst travel [redacted]

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[redacted] frequent joint meetings of analysts and case officers [redacted]

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[redacted] exchange programs with NSA; rotational assignments of analysts to the clandestine service; [redacted]

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[redacted] periodic joint assessments by analysts and DDO officers; and tutorial instruction on technical issues such as nuclear energy and economics by analysts for case officers.

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In addition to these efforts, analysts are being judged by sterner measures of effectiveness and new criteria that are consistently impressed upon them, including:

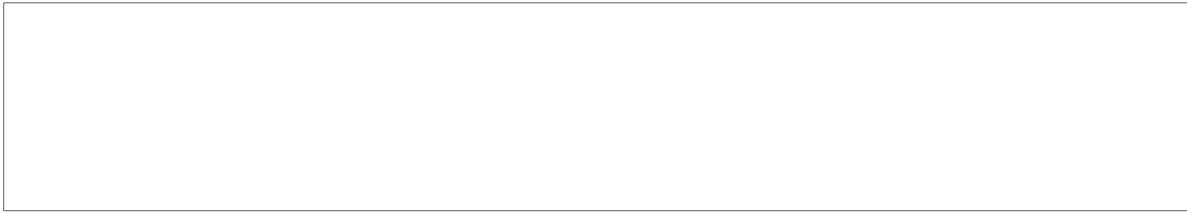
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- The need to identify alternative outcomes to a given situation, particularly when a less than likely outcome might pose dangerous consequences for the United States.
- The need for timeliness and relevance.
- Far more detailed use of the evidence and providing information on the nature and reliability of the sources we use.
- More tough minded and open minded approach, particularly to new developments.
- Greater attention to scientific developments and future technologies that could threaten US security.
- Greater involvement in the development and critiquing of covert action, particularly with respect to the identification of vulnerabilities of targets. (Indeed, relationships between the analysts and the clandestine service are closer than ever before.)
- Encouragement for analysts who hold unorthodox views or minority views to forward those views directly to the top of the bureaucratic chain without fear of penalty.

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-- Greatly expanded analyst travel to countries of their expertise either to acquire or expand that expertise.



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The final component in this program is the quality of the analysts themselves. The purging of the clandestine directorate in the late 1970s has received a great deal of attention. What has been less evident to the public and even to officials is that during that same period morale problems and general dissatisfaction led to a massive departure of professionals from the analytical side of CIA as well. Over one-third of CIA's analysts are still in their three-year probationary period. Nearly one-half have less than five years experience. Most of the new analysts are extremely talented and have sacrificed higher paying opportunities for the opportunity to serve in CIA. At the same time, some new analysts as well as some of the more experienced ones do not meet the new standards of excellence. As a result, in the last two years literally scores of marginal performers have been removed from their positions and either have left the Agency or have gone to other areas of the Agency more appropriate to their talent and skills. This same rigorous personnel review is continuing.

#### Changes in National Estimates

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As of 1980, the national intelligence estimate had reached the nadir of its fortunes as a means of conveying authoritative intelligence community views for policymakers to the President, the National Security Council and other senior policymakers on key issues. As few as 12 national estimates a year were being completed. The estimates were long in preparation, long in text and played virtually no role in policy formulation.

As of the end of 1983, this situation had been turned around. In 1983 more than 75 NIEs, SNIEs, and interagency intelligence memoranda were published. The preparation time on key special national estimates on time-urgent subjects was reduced to as little as a few days. The estimates are timely, policy relevant and address issues -- such as Lebanon, the Persian Gulf, El Salvador, INF and narcotics -- of key importance to the President and his senior advisors. Estimates have been prepared on subjects such as arms control monitoring that have not been addressed in national level intelligence publications in fifteen years. Some subjects, such as the Soviet reaction to INF deployment, have been addressed quarterly for over a year by the Community. Other improvements include:

-- The team of National Intelligence Officers now represents a more desirable blend of senior officers drawn from the Department of Defense, the uniformed military, CIA's clandestine service, NSA, the private sector and CIA's analysis directorate.

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- There has been great stress on the presentation of differences of view rather than lowest common denominator compromise language. Differences of view are all treated equally in the text of estimates rather than minority viewpoints being relegated to footnotes. Such differences are encouraged.
- In order that senior policy officials can be informed of the results of key estimates quickly, the key judgments are now prepared separately and forwarded to the President and members of the National Security Council the day after NFIB approval. This results in the unusual (and not altogether unwelcome) situation that key figures are informed of the conclusions of important estimates before their subordinates.
- Estimates on many subjects (such as Soviet energy) now include a list of indicators so that policymakers as well as other readers can see what developments the intelligence community will be looking for as evidence that developments are proceeding as projected or according to some other scenario.
- Most estimates now carry a short bibliography of single agency intelligence publications on the issue being addressed so that senior staff at Defense, State and NSC

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know where to look for additional detailed information or for further elaboration of different points of view.

**Conclusions**

As suggested by the foregoing, a great deal has changed in CIA's analytic efforts in the realm of intelligence analysis and estimating in the last three years. Indeed, it is amazing that there has been so much change and yet so little outside attention to this revolution. I think the reason for this rests in the fact that (1) many of the professionals in the analytical and estimating business recognized the need for change of the kind that has been undertaken (2) the implementation of the change has been carried out by CIA professionals who have been given the opportunity to make changes long needed and who have had the strong support of the DCI and the Administration to make those changes, and (3) analysts and their managers have seen that improved quality has greatly increased the demand for CIA analysis and has enhanced its importance and influence.

There is still room for improvement. Additional analytical resources are needed. Senior managers must still struggle daily against analytical narrowness, excessive caution, preoccupation with a single conclusion when in fact several possibilities are equally likely, and there remains a diminishing but still extant blend of arrogance and timidity. But I am convinced the analytical and estimative side of intelligence is on the right track and that while we have already seen substantial benefit



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from these changes, the truly dramatic effect is still to come as the relatively new people mature under a different culture, expectations, and standards than existed in the past.